

The complaint

Mr W through his representative Mr M complains that Santander UK PLC issued proceedings to recover his property, failed to allow him to redeem the mortgage and unfairly charged him legal fees.

What happened

Mr W had an interest-only mortgage with Santander which term ended in March 2024, and the outstanding balance remained due. Mr W says that he abandoned the property some time ago after a personal life-threatening trauma. The original balance was £28,535.00. Santander says that it tried to contact Mr W and was unable to, but Mr W says as he had no means to repay the balance, he didn't contact Santander.

The lender then issued legal proceedings for recovery of the property. There was a hearing held on 14 May 2024 in which says Mr M attended advising that he was in occupation of the property and wished to redeem the mortgage. Santander's solicitors say that they got letters from Mr M including one enclosing a cheque to redeem the mortgage on the property, which Santander refused to accept. Mr W says that he attended at a Santander branch to pay off the balance due but says that Santander wouldn't accept it. Santander says that its branches don't accept mortgage redemptions, but it was unaware of Mr W's attendance.

Mr W sold the mortgaged property to his representative Mr M on 9 July 2024 and requested a redemption statement and got one from Santander which asked for £31,631.59 although Mr M says this should have only been £28,636.00. Mr W says he then requested a second redemption statement which was sent to him on 2 September. That statement was for £37,929.29 and included legal fees which Mr M disputes. Then part of the redemption money - £5,659.90 - was returned to Mr W without explanation or calculation.

Our investigator reviewed the several complaints that Mr W had made. She noted that there was a discrepancy with the address that Santander used for its correspondence although it was using the correct postcode, but she felt that this didn't affect Mr W. Our investigator also felt that Santander was acting appropriately in the way it dealt with Mr M to protect Mr W's interests. Our investigator didn't consider that the redemption figure that Mr W eventually paid was inaccurate and that it was fair to charge solicitors costs in the circumstances but that the lender should have explained the basis of the refund and recommended that Santander pay £100 compensation for this. Mr M on behalf of Mr W disagreed and asked for a review.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr W through his representative Mr M makes the following complaints

1. Santander refused to redeem the legal charge when Mr M offered to pay the money

owed.

2. Santander failed to enquire into the occupancy of the property before issuing legal proceedings.
3. Santander failed to give proper and adequate instructions to their solicitors as to the identity of the mortgaged property.
4. Santander failed to accept the redemption money when requested and tendered.
5. Mr W received a second redemption figure which was inaccurate.
6. Santander charged legal fees that weren't due and were unreasonable.
7. Santander shouldn't have charged interest after 14 May 2024 when the money owed could have been paid by bank transfer.
8. Santander failed to take into account Mr W's vulnerability.

Mr M referred to a further complaint about Santander's failure to ensure that there was a repayment vehicle in place for redemption of the mortgage but wanted to see further documentation before he considered whether to take this complaint forward. So, I've not considered that complaint here.

Complaints 1-4

We are an informal dispute resolution service. My role is to decide whether Santander did anything wrong on the basis of what is fair and reasonable in the circumstances. It doesn't seem wrong for Santander to start legal proceedings to recover possession as the property was abandoned by the owner and Mr W couldn't discharge the debt. Santander got the address - but not the postcode - wrong when instructing the solicitors and Mr M says it didn't carry out a pre-litigation inspection. But if Santander got that wrong and if it was in breach of the pre-action protocols that is a matter of supervision by the court and not for us. As regards Mr W, I can't say that this was likely to have affected him as he had abandoned the property in any case.

Central to Mr W's complaints is that Santander wouldn't accept a cheque tendered by Mr M or recognise Mr M's authority to act on his behalf in relation to the mortgage and the property. But Mr M had an interest in the property as a potential purchaser. In fact, Mr M tells us he purchased the property on 9 July 2024. Mr W was also a vulnerable person as described above and as Mr M in his submissions has emphasised several times. It does seem that in such a situation there was a potential conflict in Mr W the purchaser acting on behalf of Mr M the seller and a vulnerable person, in obtaining information and negotiating with Santander about the mortgage on the property. I should make it clear that I'm not saying that Mr M did not act with the utmost integrity in his dealings but this was a relationship structure that had the potential to lead to the financial abuse of Mr M and so I can see why it was reasonable for Santander to check and double check that Mr M was in fact authorised by Mr W to act on his behalf.

In fact, having carefully considered the documentation, its solicitors weren't satisfied. I don't consider that in those circumstances acting upon its solicitor's advice that it was unreasonable for Santander not to engage with Mr M as Mr W's representative. I note that the bank's solicitors wrote to Mr M on 30 May 2024 setting out the reasons it was refusing the cheque for £28,291.00 that Mr M tendered as a redemption settlement. Santander in that letter noted that Mr M was seeking to redeem the mortgage before the sale had taken place,

and that this was not the usual way of proceeding. The letter indicates that the mortgage should be redeemed in the usual way upon sale of the property to Mr M. That seems to be a reasonable suggestion designed to protect Mr W's interests. So, given the priority that the bank attached to protecting the interests of Mr W, a vulnerable person I can understand why it would refuse the cheque from Mr M. I understand that Mr W may have gone personally to a branch to try and settle the account. Santander says that mortgages aren't redeemed through its branch network but in any case where there is a concern about the vulnerability of Mr W it would have been better to have followed the route suggested by the bank's solicitors in the letter of 30 May and I can't fault the bank if it didn't redeem the account when Mr W appeared in the bank.

Complaint 5

Santander says that it overestimated what the legal fees would be, and this led to an inaccuracy on the redemption statement. I have noted that this may sometimes happen when a final invoice has not yet been received from a bank's solicitor. I have come upon this before. I can see the advantage to the customer of overestimating rather than underestimating so that they are not faced with a further unwelcome demand down the line for legal fees when they had assumed they had been paid and may not be in a position to discharge them. That said, when the overpayment was returned, I believe that there should have been an explanation of the calculation. I agree that may have caused some distress to Mr W and that Santander should pay him £100 as a result.

Complaints 6 and 7

Under Section 22 of the mortgage terms and conditions Santander can incur costs and add these to the mortgage, including costs incurred in "*enforcing our security*" and in "*bringing any legal proceedings*" which is what it was doing here. As I said above, I consider that in the circumstances of a matured mortgage and an abandoned property, it was reasonable for Santander to bring legal proceedings to recover possession of the property subject of the mortgage and to add these to the account. I've considered Santander's tariff of charges and the solicitor's invoice and I've no evidence that these charges were unreasonable. Mr M says that interest shouldn't be charged after 14 May when a redemption sum was tendered. As I've said I consider that it was reasonable in the circumstances for Santander to refuse that money but indicated how the account could be redeemed to avoid interest accruing. Interest is payable on a mortgage until its redemption. So, I consider that interest should continue until the account was redeemed.

Complaint 8

In my view Santander properly considered Mr M's vulnerability and set appropriate safeguards in place when it became aware of it as I've set out above.

In summary apart from failing to explain the calculation and nature of the refund I don't consider that Santander has done anything wrong in respect of this account.

My final decision

Santander UK Plc should pay Mr W £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 17 October 2025.

Gerard McManus
Ombudsman